

LIBERTY RANCH METROPOLITAN DISTRICT (the "District")

General Information and Disclosure

As required pursuant to Section 32-1-104.8 of the Colorado Revised Statutes ("C.R.S."), this Public Disclosure Document has been prepared by the Liberty Ranch Metropolitan District (the "District") to provide homeowners with general information regarding the District and its operations.

ORGANIZATION OF THE DISTRICT

The Liberty Ranch Metropolitan District ("District") was formed in 2005. The District was created to provide design, acquisition, construction, installation and financing of certain water, sanitation, street, storm improvements to an area where the existing governmental entities did not consider it feasible or practical to provide such improvements. The property within the Liberty Ranch residential development is located within the boundaries of the District. The District is a quasi-municipal corporation and political subdivision of the State of Colorado organized in the Town of Mead ("Mead"). The District operates pursuant to a Service Plan, which was approved by Mead on April 11, 2005 ("Service Plan").

DISTRICT'S SERVICE PLAN

The District's Service Plan, which may be amended from time to time, includes a description of the District's powers and authority. A copy of the District's Service Plan is available from the Division of Local Government in the State Department of Local Affairs ("Division").

The Liberty Ranch Metropolitan District is authorized by Title 32 of the Colorado Revised Statutes to use a number of methods to raise revenues for capital needs and general operations costs. These methods, subject to the limitations imposed by Section 20 of Article X of the Colorado Constitution ("TABOR"), include issuing debt, levying taxes, and imposing fees and charges. Information concerning District directors, management, meetings, elections, and current taxes are provided annually in the Notice to Electors described in Section 32-1-809(1), C.R.S., which can be found at the District's office (Special District Management Services, Inc. at: 141 Union Blvd., #150, Lakewood, CO 80228; (303) 987-0835), on file at the Division, or on file at the office of the Clerk and Recorder of Weld County.

In addition, copies of the District's audits and budgets can be obtained from the District's office (Special District Management Services, Inc. at: 141 Union Blvd., #150, Lakewood, CO 80228; (303) 987-0835).

DISTRICT BOARD OF DIRECTORS

The District is governed by a five-member Board of Directors. Board members are elected by the property owners within the District and are elected to staggered four-year terms of office. Prospective Board Members may also be appointed by the Board of Directors at any time, should a vacancy occur.

To qualify to serve on the Board of Directors you must be registered to vote in the State of Colorado and have been a resident of the District for not less than 30 days or own, or be the spouse of an owner of, taxable real or personal property within the District. Board members may receive a stipend for each meeting attended.

The Board's regular meeting dates may be obtained from the District Manager, Special District Management Services, Inc. at: 141 Union Blvd., #150, Lakewood, CO 80228; (303) 987-0835.

DISTRICT POWERS, IMPROVEMENTS AND SERVICES

The District was formed to provide for the acquisition, construction, completion of installation of local water transmission and distribution; street improvements, a system of traffic and safety controls, storm and sewer system improvements, as well as other improvements as defined in the Service Plan. Pursuant to the Service Plan, the District will not provide parks and recreation, transportation television relay and translation, and fire protection improvements or services. The District has constructed the improvements necessary to serve the existing development within the District and all improvements have been dedicated to either the Town of Mead; Longs Peak Water District, or St. Vrain Water and Sanitation District for ongoing services.

Under the Service Plan, the District had authority to impose fees and issue general obligation bonds in the aggregate amount of Eighteen Million Five Hundred Thousand Dollars (\$18,500,000) to provide and pay for public infrastructure improvement costs.

On August 29, 2006, the District issued \$4,935,000 of General Obligation Bonds (the "Bonds") with an interest rate of 6.25%, which are due December 1, 2016. The Bonds are subject to redemption prior to maturity at the option of the District as a whole or in integral multiples of \$1,000 on any order of maturity and in whole or partial maturities, on December 1, 2016 and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The Bonds are also subject to mandatory sinking fund redemption, in part, by lot, beginning on December 1, 2010 and each December 1 thereafter.

The Bonds are secured by and payable from the Pledged Revenue consisting of revenue derived by the District from the following sources, net of any collection costs: (1) the ad valorem property taxes as discussed below; (2) a portion of Specific Ownership Tax; and, (3) any other legally available monies which the District determines to be treated as Pledged Revenue.

TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE DISTRICT

Ad Valorem Property Taxes. The District's primary source of revenue is from property taxes imposed on property within the District. All property located within the boundaries of the District is subject to the same tax structure. Along with other taxing entities, the District certifies a mill levy by December 15th of each year which determines the taxes paid by each property owner in the following year. The maximum debt service mill levy the District is allowed to impose under the Bond documents ("Debt Mill Levy Cap") is 50 mills and the minimum mill levy is 40 mills, both will be adjusted for changes in the ratio of actual value to assessed value of property within the District. The District must levy at least the minimum as long as the debt to assessed value ratio is greater than 50% and the Surplus Fund is less than its maximum amount of \$604,000. For that portion of the District's debt which is less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the Debt Mill Levy Cap shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. As of December 31, 2013, the District certified 50 mills for debt service for tax collection in 2014.

The mill levy may also be adjusted due to changes in the statutory or constitutional method of assessing property tax or in the assessment ratio. The purpose of such adjustment is to assure, to the extent possible, that the actual tax revenues generated by the mill levy are neither decreased nor increased, as shown in the example below.

EXAMPLE

Tax Collection Year	Actual Value (V)	Assessment Ratio (R)	Assessed Value (AV) [V x R = AV]	Mill Levy/Rate ¹ (M)	Amount of District Tax Due [AV x M]
(a) 2013	\$300,000	7.96%	\$23,880	40.000/0.04000	\$955.20
(b) 2014	\$300,000	7.49%	\$22,470	42.510/0.04251	\$955.20

¹ Each mill is equal to 1/1000th of a dollar

(a) If in 2014 the Actual Value of the Property is \$300,000, and the Assessment Ratio established by the State Legislature for that year is 7.96%, the Assessed Value of the Property is \$23,880 (i.e., \$300,000 x 7.96% = \$23,880). The District certifies a 40.00 mill levy, which would generate approximately \$955 in revenue.

(b) If in 2015 the Actual Value of the Property remains at \$300,000, but the Assessment Ratio established by the State Legislature for that year is 7.49%, the Assessed Value would be \$22,470 (i.e., \$300,000 x 7.49% = \$22,470). The District would need to certify a 42.51 mill levy in order to generate the same revenue as in 2014.

THE ABOVE EXAMPLE IS PROVIDED SOLELY FOR THE PURPOSE OF ILLUSTRATION AND IS NOT TO BE INTERPRETED AS A REPRESENTATION OF ANY ACTUAL CURRENT OR FUTURE VALUE INCLUDING, BUT NOT LIMITED TO, ANY ACTUAL VALUE, ASSESSMENT RATIO, OR MILL LEVY.

As mentioned above, a portion of the District's mill levy is designated for repayment of the District's bonds, not to exceed the mill levy cap. The other portion of the District's mill levy is designated for payment of the District's operation and maintenance costs. Adjustments to the operating mill levy will occur as necessary to assure that revenue is available to provide adequate services to the community. For 2014, the District certified a total annual mill levy as described below (such amount may be adjusted each year, subject to the limitations set forth in the Service Plan):

Repayment of District Bonds	50 mills
Payment of District Operation and Maintenance Costs	<u>8 mills</u>
Total Mill Levy	58 mills

Should you have any questions with regard to these matters, please contact the District Manager at Special District Management Services, Inc.; 141 Union Blvd., #150, Lakewood, CO 80228, (303) 987-0835.